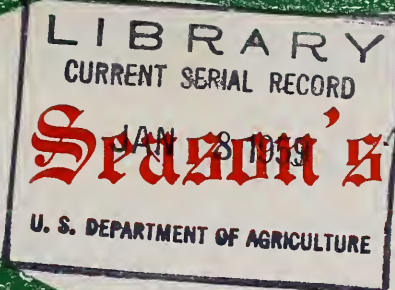


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Columbus

Season's Greetings

Market Administrator's BULLETIN

Published at 79 East State Street, Columbus 15, Ohio

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

Frank W. Linder

MARKET ADMINISTRATOR

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Price Support Purchases Decreased in 1958

The current Agricultural Act provides that the Secretary of Agriculture shall support prices for milk and butterfat at such level between 75 and 90 percent of parity as will assure an adequate supply. Since 1950, the support levels have moved over the full range permitted in the law. For the current year, support for both manufacturing milk and butterfat was announced at 75 percent of parity, which is the minimum permitted by present legislation. The parity index has been essentially stable since support for the current marketing year was announced last spring, and if it continues so, the legal minimum support for these products in 1959-60 will be near that of this year. The actual support level for the marketing year which begins April 1, 1959, will be announced before that date. With production likely to continue above commercial use, prices to farmers for manufacturing milk and butterfat are likely to continue around supports in 1959.

So far in the current marketing year (April 1-October 31), price support purchases have been only a little over half those of a year earlier. Most of the decrease is accounted for in reduced purchases of cheese. Purchases consisted of 100 million pounds of butter, 26 million pounds of American cheese and 445 million pounds of nonfat dry milk. In the comparable period a year earlier, the totals were 123 million pounds of butter,

172 million pounds of cheese and 462 million pounds of nonfat dry milk.

The smaller purchases in this marketing year reflect increased consumption of cheese, especially, with some gain in aggregate use of fluid milk, butter and ice cream, and a slight drop in milk production. In 1959, the surplus probably will decline considerably further. In fact, the surplus of milkfat now in prospect at present support levels could be doubled, or could disappear entirely, due to moderate changes in production or demand. The surplus of solids-not-fat will continue very large.

Rates of disposition of butter, cheese and nonfat dry milk from CCC stocks in both foreign and domestic outlets were stepped up following broadening legislative authority in 1954, and stocks of all items were reduced from the record levels of that time. By 1957, CCC holdings of butter and non-fat dry milk had decreased to nominal levels, and stocks of cheese had been greatly reduced. In the past year, with the sharp drop in cheese purchases, holdings of that item have been reduced to the lowest level in 6 years. Currently, butter and cheese are available only for donations to domestic distribution programs, but non-fat dry milk still is being donated abroad.

The relationship between production and commercial use has become con-

(Continued on page four)

MIXED CHANGES IN DEMAND FOR DAIRY PRODUCTS 1957 TO 1958

Commercial takings of dairy products by the civilian market accounts for more than 90 percent of the total use of dairy products produced in the United States. Hence, it is important to observe changes in consumer purchasing power and some related factors which may influence demand for dairy products. Average disposable income per person, the main available measure of consumer demand, reached a peak in the third quarter of 1957, then declined through the first quarter of 1958. The upturn which began in the second quarter of 1958 carried this income to a new record by the third quarter of 1958. For 1958 as a whole, the average disposable income per person will be approximately \$1,786, compared with \$1,782 in 1957, the previous record high. However, the general level of prices paid by consumers for products and services advanced to a record high in 1958, thereby reducing the per capita purchasing power 2 percent, or from \$1,483 in 1957 to \$1,446 in 1958, in terms of constant (1947-1949) dollars. Such a contraction in real incomes tends to curtail consumption of a major food such as dairy products, assuming other factors are unchanged.

Consumer incomes, in terms of current dollars, are likely to expand in 1959.

Any change in distribution of incomes among consumers also can influence the demand for dairy and other food prod-

(Continued on page four)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

Nov. 1958	Oct. 1958	Nov. 1957
\$4.37*	\$4.30**	\$4.37***
4.735	4.66	4.725
4.434	4.420	4.504
4.034	4.020	4.104
3.934	3.920	4.004
2.887	2.894	3.081
7.3¢	7.2¢	7.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

88.1	85.7	85.3
85.3	83.1	79.1
7.9	8.3	7.8
3.2	2.4	2.8
1.3	1.7	2.9
2.5	3.0	2.7
2.7	4.3	4.0
9.0	11.5	15.4

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test ..	
Income per Producer (7 Day Average)	

23,091,764	24,738,205	23,847,569
678,478	683,471	677,745
1,729	1,746	1,882
445	457	422
3.89	3.77	3.92
\$1,074,769.81	\$1,113,359.81	\$1,117,332.82
\$145.04	\$143.99	\$138.53

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

19,616,368	20,531,895	19,706,669
766,363	778,871	740,165
20,382,731	21,310,766	20,446,834
1,891,359	2,062,797	1,860,771
29,013	23,097	26,938
1,920,372	2,085,894	1,887,709

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

268,197	281,975	276,354
4,897	5,486	5,390
13,379	16,189	13,223
9,378	9,645	8,271
8,265	8,163	8,302

* Fall Production Payment 55¢ per cwt. additional
** Fall Production Payment 51¢ per cwt. additional
*** Fall Production Payment 52¢ per cwt. additional

COMPARATIVE STATISTICS ★

COLUMBUS MARKETING AREA

★ **Nov., 1949-58**

Year	Receipts from Producers	Average Butter- fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1949.....	14,739,293	4.32	82.8	7.5	2.3	7.4	4.04	4.105	3.855	3.706	3.252	2,404	204
1950.....	15,470,375	4.21	81.0	13.2	2.8	—	4.21	4.244	3.844	3.168	—	2,151	240
1951.....	14,664,041	4.31	90.0	8.6	.5	—	4.97	4.975	4.575	3.799	—	2,105	232
1952.....	16,751,355	4.19	85.1	12.6	2.3	—	5.18	5.232	4.832	3.75	—	2,205	253
1953.....	20,170,821	4.12	81.8	13.3	4.9	—	4.58	4.71	4.31	3.49	—	2,241	300
1954.....	21,133,079	4.05	81.9	8.2	4.5	5.4	4.15	4.31	3.91	3.91	3.23	2,171	324
1955.....	22,266,699	3.99	81.2	9.1	3.9	5.8	4.12	4.257	3.857	3.857	3.168	2,106	352
1956.....	23,100,784	3.90	83.6	8.8	3.6	4.0	4.40	4.537	4.137	4.137	3.321	1,998	385
1957.....	23,847,569	3.92	85.3	7.8	2.9	4.0	4.37	4.504	4.104	4.004	3.081	1,882	422
1958.....	23,091,764	3.89	88.1	7.9	1.3	2.7	4.37	4.434	4.034	3.934	2.887	1,729	445

**PRODUCTION OF MILK
MAY SHOW A SMALL
INCREASE IN 1959**

With cow numbers likely to show less of a decline in 1959 than in 1958, and with the rate of production per cow likely to reach a new record-high level, it appears likely that total milk output in 1959 may slightly exceed the level of 126.1 billion pounds in prospect for 1958, but probably will exceed by only a narrow margin, if any, the record production of 126.4 reached in 1957.

After 1959 or 1960, economic conditions influencing milk production may change considerably from those which seem likely to prevail through most of 1959. A significant development in U. S. livestock industry as a whole has been the phenomenal increase in rate of grain production per acre, and the fact that

both total production and total stocks of feed concentrates have reached successively high records for several recent years. In addition, the cycles in production patterns for beef cattle and for hogs in the last year or so have been at that stage which meant a reduction in current slaughter and rising prices. In the next few years production for both of these species will increase, partly out of a lag-response to recent favorable prices, partly from the long-term increase in supplies of feed grains. As this increased production shows up in increased slaughter supplies, prices will decline substantially. This will lead to a relative improvement in the position for dairy prices, as they are being supported at 75 percent of parity, and could usher in a resumption of significant increases in milk output such as occurred in the mid-1950's.

**SMALL PERCENTAGE OF CORN AGAIN PRODUCED
BY COMPLYING FARMERS IN 1958**

The total quantity of corn eligible for the full support rate of \$1.36 per bushel is estimated to be relatively small again in 1958 as was the case in 1957. In 1957, only about 14 percent of the 2,758 million bushels of corn produced in the commercial area, or a total of about 385 million bushels was produced by farmers eligible for the full support. A survey of participation in the 1958 program has not been completed but partial reports from the Corn Belt indicate that the percentage may be only about 11 or 12 percent this year. The crop in the 1958

commercial area was estimated in October at 3,009 million bushels, 9 percent larger than in 1957. If farmers eligible for the full support produce around 11 to 12 percent of the total production this year, their output will be around 325 to 350 million bushels. In 1957, farmers in the commercial area placed 208 million bushels of corn under price support at the full rate, over 50 percent of the estimated quantity produced by complying farmers. The 21 million bushels placed under support in the noncommercial area is much larger than in other recent years.

**U. S. EXPORTS
OF DAIRY PRODUCTS
DECLINING SHARPLY**

U. S. exports of dairy products have declined considerably through 1957 and 1958. For 1958 as a whole total movement out of the country will be no more than 3 billion pounds milk equivalent, about the same as in 1957, but compared with over 6 billion in 1955 and 1956. The sharp drop in 1957 was caused chiefly by the discontinuance of donations of butter oil under Section 416 of Agricultural Act of 1949, in 1956. The termination also of foreign donations of cheese under Section 416 contributed heavily to the decline in 1958. Foreign demand for U. S. dairy products through regular commercial (non-Government) channels is down considerably this year, due to heavy foreign supplies available for export at prices considerably below those of 1957.

Total exports of nonfat dry milk were at a record high in 1957, 671 million pounds, nearly two-thirds of it shipped out under Section 416. Out-movement in 1958 was near the 1957 level, but otherwise the largest on record.

Import quotas continue in effect for most dairy products. Because of much higher prices in the United States, the full quotas are imported each year, making for little year-to-year variation. The numerous varieties of cheese and casein are the major import items, accounting for 92 percent of total value of all dairy products imported as recently as 1957.

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Increased Livestock Production In Prospect for 1958-59

The number of livestock to be fed during 1958-59, in terms of grain-consuming animal units, is expected to be about 6 percent above the 162 million fed in 1957-58. Much of this increase is expected to be in hogs, although some increase also is in prospect for poultry and cattle feeding. The 1958 spring pig crop was 2 percent larger than the 1957 crop and present indications are for an increase of at least 14 percent in the 1958 fall crop. A substantial increase in the 1959 spring pig crop also is in prospect. If these prospects materialize it would mean an increase of around 12 percent in the hogs to be fed in 1958-59.

Cattle feeding also is expected to be up in 1958-59, as favorable feed prices will continue to encourage grain feeding. On October 1 the number on feed in 13 States was 12 percent above a year earlier. Dairy cows are expected to continue to be fed record quantities of grain and other concentrates per head. Heavier feeding per cow is the result of increasing milk production per cow, as well as, the favorable milk-feed price relationships of the last 2 or 3 years. The number of laying hens is expected to be up about 2 or 4 percent and a further increase is in prospect for broilers during the 1958-59 October-September feeding year.

Market Quotations

	Nov. 1958
12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.054
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.9406
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.967
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.862
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	3.031
Evaporated Milk Code Price, 3.5% per Cwt.	2.763
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0066
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.01
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.034
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.908
Average Weekly Cheddars price per lb.	3.2094
Average price per lb. non-fat dry milk solids, roller process delivered Chicago1355
Average price per lb. 92-score butter at Chicago58016
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1278

Mixed Changes in Demand For Dairy Products

(Continued from page one)

ucts, even though there is no change in the average income per person. With the substantially higher unemployment rate in 1958, the distribution of incomes undoubtedly was somewhat different from 1957, even though some unemployment compensation payments were received by the unemployed people.

While a general rise in level of consumer prices will tend to weaken the demand for dairy products by shrinking purchasing power of current incomes, a rise in price for items competitive with dairy products could lead to an increase in demand. In the past year, the sharp rise in retail price of red meats apparently led to a significant strengthening in demand for cheese.

Price Support Purchases Decreased in 1958

(Continued from page one)

siderably different for milkfat than for the solids-not-fat. In the peak year of purchases, 1953-54, CCC bought, in the form of butter and American cheese, nearly 10 percent of the production of milk fat and, in the form of cheese and nonfat dry milk, 7.3 percent of solids-not-fat. The percentage of milkfat dropped to 3.9 percent in 1956-57, rose to 5.3 percent in 1957-58, and in the current marketing year will be around 2.5 percent. On the other hand, the solids-not-fat purchased dropped from 7.3 percent of production in 1953-54 to 5.1 percent in 1954-55, this increased each year to 7.7 percent in 1957-58. In the year to end next March 31, purchases will be around 7.5 percent.